



上海復旦微電子集團股份有限公司

**Shanghai Fudan Microelectronics Group Company Limited\***

*(a joint stock limited company incorporated in the People's Republic of China)*

(Stock Code: 1385)

## **Articles of Association**

(Approved at the Annual General Meeting held on 3 June 2019  
and effective on 4 July 2019)

**(This Articles of Association is written in both Chinese and English, and the English version is only an English translation of the Chinese version. In case of inconsistency, the Chinese version shall prevail)**

*\*for identification only*

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## **CHAPTER 1: GENERAL PROVISIONS**

### ***Article 1:***

This Company is a joint stock limited company established in accordance with the Company Law (“Company Law”) of the People’s Republic of China (the “PRC”), Companies Limited by Shares Issuing Shares and Seeking a Listing outside the PRC Special Provisions of the State Council (“Special Provisions”) and other relevant State laws and administrative regulations.

Following approval by the Government of Shanghai City with Approval of Hufutigaizi [1998] 050, the Company was established on 4 June 1998 by means of promotership, was registered with the Shanghai Administration for Industry and Commerce on 10 July 1998, and obtained a company’s business license. The number of the Company’s business license is 310000400198084.

The promoters of the Company are: Shanghai Fudan High Tech Company, Shanghai Commerce and Investment Co., Shanghai Pacific Commercial Trust Company, Ningbo Lirong Co., Ltd., Shanghai Gaozhan Business Consultancy Company Limited, the Staff Shareholding Association of the Company, Mr. Jiang Guoxing and Mr. Shi Lei.

### ***Article 2:***

Registered name of the Company: 上海复旦微电子集团股份有限公司

English name of the Company: Shanghai Fudan Microelectronics Group Company Limited

### ***Article 3:***

The Company’s address: 220 Handan Road, Shanghai City, the PRC.

Postal code: 200433

Telephone number: 53085050

Facsimile number: 53086456

### ***Article 4:***

The legal representative of the Company shall be the chairman of its board of directors.

### ***Article 5:***

The Company is a joint stock limited company which has perpetual existence.

### ***Article 6:***

The Articles of Association of the Company shall become effective on the date of establishment of the Company.

The Articles of Association of the Company shall be legally binding document that regulates the organization and acts of the Company as well as the rights and obligations between the Company and the shareholders and among shareholders from the date on which they become effective.

### ***Article 7:***

The Articles of Association of the Company shall be binding upon the Company and its shareholders, directors, supervisors, manager and other senior management staff. All the above persons may make claims related to Company matters in accordance with the Articles of Association.

***Article 8:***

The Company may invest in other enterprises. The Company's liabilities to an invested company shall be limited to the amount of its capital contribution to the invested company.

**CHAPTER 2: OBJECTIVES AND SCOPE OF BUSINESS**

***Article 9:***

The business objectives of the Company are: consummating business on operation mechanism, raising funds for future developments, optimizing the operating system, cultivating innovative and high technology core capacity for its application to the development of core products, and exploring methods for achieving innovative and high-technology industrialization and industrial development.

***Article 10:***

The business scope of the Company is technological development, technology consulting, technical services and technology transfer in the fields of electronics products and information technology; production of microelectronics products, selling self-developed products and offering relevant services; investing and conducting projects on the National New Hi-tech Industry List (Specific projects need other approvals). (The operations of businesses requiring approvals in accordance with the laws may only commence after such approvals have been granted by relevant authorities)

**CHAPTER 3: SHARES AND REGISTERED CAPITAL**

***Article 11:***

The Company shall have ordinary shares at all times. It may have other kinds of shares according to the need, upon approval by the authorities that are authorized by the State Council to examine and approve companies.

***Article 12:***

All the shares issued by the Company shall have a par value which shall be Renminbi 0.1 for each share.

***Article 13:***

The Company may issue shares to investors inside the PRC and to investors outside the PRC following approval by the State Council authorities in charge of securities.

For the purposes of the preceding paragraph, the term "investors outside the PRC" shall refer to investors from foreign countries or from Hong Kong, Macao or Taiwan that subscribe for shares issued by the Company and the term "investors inside the PRC" shall refer to investors inside the PRC, excluding the above-mentioned regions, that subscribe for shares issued by the Company.

***Article 14:***

Shares issued by the Company to investors inside the PRC and to be subscribed for in Renminbi shall be referred to as "Domestic-Invested Shares". Shares issued by the Company to investors outside the PRC and to be subscribed in a foreign currency shall be referred to as "Foreign-Invested Shares". Foreign Invested Shares listed outside the PRC shall be referred to as "Overseas-Listed Foreign-Invested Shares".

**Article 15:**

At the effective date of this version of the Articles of Association, the Company, upon approval by the authorities that are authorized by the State Council to examine and approve companies, has issued 694,502,000 ordinary shares and each share has a par value of Renminbi 0.1.

**Article 16:**

At the effective date of the adoption of this Articles of Association, the Company has issued 694,502,000 ordinary shares and total share capital is Renminbi 69,450,200, and the share capital structure is as follows:

Shanghai Fudan Fukong Technology Enterprise Holdings Limited holds 109,620,000 shares, representing 15.78% of the issued share capital of the Company;

Shanghai Fudan High Tech Company holds 106,730,000 shares, representing 15.37% of the issued share capital of the Company;

Shanghai Zhenghua Corporate Management Consultant Partnership Enterprise (limited partnership) holds 47,443,420 shares representing 6.83% of the issued share capital of the Company;

Shanghai Guonian Corporate Management Consultant Partnership Enterprise (limited partnership) holds 29,941,470 shares representing 4.31% of the issued share capital of the Company;

Shanghai Zhengben Corporate Management Consultant Partnership Enterprise (limited partnership) holds 52,167,270 shares representing 7.51% of the issued share capital of the Company;

Shanghai Nianjin Corporate Management Consultant Partnership Enterprise (limited partnership) holds 14,677,840 shares representing 2.11% of the issued share capital of the Company;

Shanghai Shenghao Corporate Management Consultant Partnership Enterprise (limited partnership) holds 14,741,000 shares representing 2.12% of the issued share capital of the Company;

Shanghai Xuling Corporate Management Consultant Partnership Enterprise (limited partnership) holds 6,243,000 shares representing 0.90% of the issued share capital of the Company;

Shanghai Haoyue Corporate Management Consultant Partnership Enterprise (limited partnership) holds 5,177,000 shares representing 0.75% of the issued share capital of the Company;

Shanghai Yuhao Corporate Management Consultant Partnership Enterprise (limited partnership) holds 9,011,000 shares representing 1.30% of the issued share capital of the Company;

Mr. Jiang Guoxing holds 7,210,000 shares, representing 1.04% of the issued share capital of the Company;

Mr. Shi Lei holds 7,210,000 shares, representing 1.04% of the issued share capital of the Company;

and holders of Overseas-Listed Foreign-Invested Shares hold 284,330,000 shares, representing 40.94% of the issued share capital of the Company.

**Article 17:**

After the plan for issuing Overseas-Listed Foreign-Invested Shares and Domestic-Invested Shares has been approved by the China Securities Regulatory Commission, the board of directors of the Company may arrange for implementation of such plan by means of separate issues.

The Company's plan for separate issues of Overseas-Listed Foreign-Invested Shares and Domestic-Invested Shares in accordance with the preceding paragraph may be implemented separately within 15 months of being approved by the China Securities Regulatory Commission.

***Article 18:***

Where the Company issues Overseas-Listed Foreign-Invested Shares and Domestic-Invested Shares separately and within the total number of shares specified in the issue plan, every such issue shall be fully subscribed for in one time. Where special circumstances make it impossible for every such issue to be fully subscribed for at one time, the shares may be issued in several stages, subject to the approval of the China Securities Regulatory Commission.

***Article 19:***

At the effective date of this version of the Articles of Association, the registered capital of the Company is Renminbi 69,450,200. The registered capital has been registered with the relating Administration for Industry and Commerce, and put on records by the China Securities Regulatory Commission.

***Article 20:***

The Company may approve capital increases depending on its business and development requirements in accordance with the relevant provisions of the Articles of Association of the Company.

The Company may increase its capital by the following methods:

- (1) offer of new shares to non-specific investors ;
- (2) rights issue to existing shareholders;
- (3) allotment of new shares to existing shareholders; and
- (4) any other methods permitted by laws and administrative regulations.

***Article 21:***

Except otherwise provided for by laws and administrative regulations, shares in the Company shall be freely transferable and shall not be subject to any lien.

**CHAPTER 4: REDUCTION OF CAPITAL AND REPURCHASE OF SHARES**

***Article 22:***

The Company may reduce its registered capital in accordance with the provisions of its Articles of Association.

***Article 23:***

When the Company is to reduce its registered capital, it shall prepare a balance sheet and an inventory of assets.

The Company shall notify its creditors within 10 days of adopting the resolution to reduce its registered capital and shall publish a public announcement of the resolution in a newspaper within 30 days of the date of such resolution. Creditors shall, within 30 days of receiving the written notice or within 45 days of the date of the public announcement for those who have not received a written notice, be entitled to require the Company to pay its debts in full or to provide a corresponding guarantee for such debts.

The registered capital of the Company may not, after the reduction in capital, be less than the minimum amount prescribed by law.

**Article 24:**

The Company may, under the following circumstances, repurchase its own shares in accordance with the procedures set out in its Articles of Association, and with the approval of the relevant governing State authorities:

- (1) cancellation of shares in order to reduce its capital;
- (2) merger with another company that holds shares in the Company; or
- (3) award the employees of this company with shares; or
- (4) requisition by any shareholder to purchase his shares because this shareholder raises objections to the company's resolution on merger or split-up made at a session of the meeting of shareholders
- (5) any other circumstances where laws or administrative regulations so permit.

**Article 25:**

After the Company is approved by relevant governing State authorities to repurchase its own shares, it may proceed in any of the following manners:

- (1) making of a repurchase offer in the same proportion to all shareholders;
- (2) repurchase through open transactions on a securities exchange; or
- (3) repurchase by an agreement outside a securities exchange.

**Article 26:**

When the Company is to repurchase its own shares by an agreement outside a securities exchange, prior approval shall be obtained from the shareholders' general meeting in accordance with the procedures provided for in the Company's Articles of Association. Upon prior approval by the shareholders' general meeting obtained in the same manner, the Company may rescind or change contracts concluded in the manner set forth above or waive any of its rights under such contracts.

For the purposes of the above paragraph, contracts for the repurchase of shares shall include (but not be limited to) agreements whereby repurchase obligations are undertaken and repurchase rights are acquired.

The Company may not assign any contracts for the repurchase of its own shares or any of its rights thereunder.

**Article 27:**

After the Company has repurchased its own shares according to law, it shall cancel the portion of shares concerned within the period prescribed by laws and administrative regulations and shall apply to the original company registry for registration of the change in registered capital.

The amount of the Company's registered capital shall be reduced by the total par value of the shares cancelled.

**Article 28:**

When the Company is listed in Hong Kong, the following particulars should be included in the Articles of Association of the Company:

Unless the Company is in the course of liquidation, it must comply with the following provisions in the repurchase of its own shares:

- (1) where the Company repurchases its own shares at their par value, the amount thereof shall be deducted from the book balance of distributable profit and/or from the proceeds of a fresh share issue made to repurchase the old shares:
- (2) where the Company repurchases its own shares at a price higher than their par value, the portion corresponding to their par value shall be deducted from the book balance of distributable profit and/or from the proceeds of a fresh share issue made to repurchase the old shares; and the portion in excess of the par value shall be handled according to the following methods:
  - (i) where the shares repurchased were issued at their par value, the amount shall be deducted from the book balance of distributable profit;
  - (ii) where the shares repurchased were issued at a price higher than their par value, the amount shall be deducted from the book balance of distributable profit and/or the proceeds of a fresh share issue made to repurchase the old shares; however, the amount deducted from the proceeds of the fresh share issue may not exceed the total premium obtained at the time of issuance of the old shares nor may it exceed the amount in the Company's premium account or capital common reserve account (including the premiums from the fresh share issue) at the time of repurchase;
- (3) the sums paid by the Company for the purposes set forth below shall be paid out of the Company's distributable profits:
  - (i) acquisition of the right to repurchase its own shares;
  - (ii) modification of any contract for repurchase of its own shares;
  - (iii) release from any of its obligations under any repurchase contract.
- (4) After the par value of the annulled shares has been deducted from the registered capital the Company in accordance with relevant regulations, that portion of the amount deducted from the distributable profit and used to repurchase its own shares at the par value of the repurchased shares shall be included in the Company's premium account or capital common reserve account.

## **CHAPTER 5: FINANCIAL ASSISTANCE FOR THE PURCHASE OF COMPANY SHARES**

### ***Article 29:***

The Company or its subsidiaries shall not at any time provide any financial assistance in any form to purchasers or prospective purchasers of the shares in the Company. Purchasers of shares in the Company as referred to above shall include persons that directly or indirectly undertake obligations for the purpose of purchasing shares in the Company.

The Company or its subsidiaries shall not at any time provide any financial assistance in any form to the above obligors in order to reduce or discharge their obligations.

The provisions of this Article shall not apply to the circumstances described in Article 31 of this Part.



**Article 30:**

For the purposes of this chapter, the term “financial assistance” shall include (but not be limited to) the financial assistance in the forms set out below:

- (1) gift;
- (2) guarantee (including the undertaking of liability or provision of property by the guarantor in other to secure the performance of the obligation by the obligor), indemnity (not including, however, indemnity arising from the Company’s own fault) and release or waiver of rights;
- (3) provision of a loan or conclusion of a contract under which the obligations of the Company are to be fulfilled prior to the obligations of the other party to the contract, or a change in the party to such loan or contract as well as the assignment of rights under such loan or contract; and
- (4) financial assistance in any other form when the Company is insolvent or has no net assets or when such assistance would lead to a major reduction in the Company’s net assets.

For the purposes of this Part, the term “undertake obligations” shall include the undertaking of an obligation by the obligor by concluding a contract or making an arrangement (whether or not such contract or arrangement is enforceable and whether or not such obligation is undertaken by the obligor individually or jointly with any other person) or by changing its financial position in any other was.

**Article 31:**

The acts listed below shall not be regarded as acts prohibited under Article 29 of this Part:

- (1) where the Company provides the relevant financial assistance truthfully for the benefit of the Company and the main purpose of the financial assistance is not to purchase shares in the Company, or the financial assistance is an incidental part of an overall plan of the Company;
- (2) lawful distribution of the Company’s property in the form of dividends;
- (3) distribution of dividends in the form of shares;
- (4) reduction of registered capital, repurchase of its own shares, shareholding structuring, etc. in accordance with the Articles of Association of the Company;
- (5) provision of a loan by the Company within its scope of business and in the ordinary course of its business (provided that the same does not lead to a reduction in the net assets of the Company or that if the same constitutes a reduction, the financial assistance was paid out of the Company’s distributable profits); and
- (6) the provision of money by the Company for an employee shareholding scheme (provided that the same does not lead to a reduction in the net assets of the Company or that if the same constitutes a reduction, the financial assistance was paid out of the Company’s distributable profits).

## **CHAPTER 6: SHARE CERTIFICATES AND REGISTER OF SHAREHOLDERS**

### ***Article 32:***

The Company's share certificates shall be in registered form.

In addition to the particulars provided for in the Company Law, the share certificates of the Company shall clearly state such other particulars as required to be specified by the securities exchange(s) on which the Company's shares are listed.

### ***Article 33:***

The share certificates shall be signed by the chairman of the board of directors. Where the signatures of other senior management staff of the Company are required by the securities exchange(s) on which the Company's shares are listed, the share certificate shall also be signed by such other senior management staff. The share certificates shall become effective after the company seal is affixed thereto or printed thereon. The signature of the chairman of the board of directors or of other senior management staff on the share certificates may be also be in printed form.

### ***Article 34:***

The Company shall keep a register of shareholders, in which the following particulars shall be recorded:

- (1) the name (title), address (residence), occupation or nature of each shareholder;
- (2) the class and number of shares held by each shareholder;
- (3) the amount paid or payable for the shares held by each shareholder;
- (4) the share certificate number(s) of the shares held by each shareholder;
- (5) the date on which each shareholder was registered as a shareholder; and
- (6) the date on which each shareholder ceased to be a shareholder.

The register of shareholders shall be sufficient evidence of the holding of Company shares by a shareholder, unless there is evidence to the contrary.

### ***Article 35:***

The Company may, pursuant to an understanding or agreement reached between the State Council authorities in charge of securities and a securities regulatory organization outside the PRC, keep outside the PRC its register of holders of Overseas-Listed Foreign-Invested Shares, and entrust the administration thereof to an agent outside the PRC.

The Company shall keep at its residence a duplicate of the register of holders of Overseas-Listed Foreign-Invested Shares. The appointed agent outside the PRC shall ensure that the register of holders of Overseas-Listed Foreign-Invested Shares and its duplicate are consistent at all times.

When the original and duplicate of the register of holders of Overseas-Listed Foreign-Invested Shares are inconsistent, the original register shall prevail.

### ***Article 36:***

The Company shall keep a complete register of shareholders.

The register of shareholders shall include the following parts:

- (1) a register kept at the Company's domicile other than those provided for under items (2) and (3) of this paragraph;
- (2) the register(s) of holders of Overseas-Listed Foreign-Invested Shares kept in the place(s) of the stock exchange(s) outside the PRC on which the shares are listed; and
- (3) registers of shareholders kept in such other places as the board of directors may decide necessary for listing purposes.

**Article 37:**

The various parts of the register of shareholders shall not overlap one another. The transfer of shares registered in a certain part of the register of shareholders shall not, during the continuance of the registration of such shares, be registered in any other part of the register.

Changes and corrections to each part of the register of shareholders shall be carried out in accordance with the laws of the places where each part is kept.

All Overseas-Listed Foreign-Invested Shares which have been fully paid-up, shall be freely transferred pursuant to the Company's Articles and Association. Unless such transfer complies with the following requirements, the board of directors may refuse to recognize any instrument of transfer and would not need to provide any reason thereof:

- (1) a fee of HK\$2.50 per instrument of transfer or such higher amount as may be agreed by the Hong Kong Stock Exchange has been paid to the Company for registration of the instrument of transfer and other documents relating to or which will affect the right of ownership of the shares;
- (2) the instrument of transfer only relates to Overseas-Listed Foreign-Invested Shares listed in Hong Kong;
- (3) the stamp duty which is chargeable on the instrument of transfer has already been paid;
- (4) the relevant share certificate(s) and any other evidence which the board of directors may reasonably require to show that the transferor has the right to transfer the shares have been provided;
- (5) if it is intended that the shares be transferred to joint owners, the maximum number of joint owners shall not be more than 4;
- (6) the Company does not have any lien on the relevant shares.

The Company's Overseas-Listed Foreign-Invested Shares listed in Hong Kong must adopt common or normal forms or other forms of instrument of transfer accepted by the board of directors for the purpose of share transfer; and such instrument of transfer documents can be signed, or if the transferor or the transferee is a clearing organisation or an agent, signatory of which can be either signed or machine printed. All instrument of transfers must be kept at the official address of the Company or any other place as determined by the board of directors from time to time.

That the standard form of instrument of transfer as prescribed by the Hong Kong Stock Exchange is appropriate and is not inconsistent with the Articles of Association.

If the Company refuses to register any transfer of shares, the Company shall within 2 months of formal application for the transfer provide the transferor and transferee with a notice of refusal to register such transfer.

**Article 38:**

No changes resulting from share transfers may be made to the register of shareholders within 30 days prior to the date of a shareholders' general meeting or 5 days prior to the record date set by the Company for the purpose of distribution of dividends.

**Article 39:**

When the Company is to convene a shareholders' general meeting, distribute dividends, be liquidated or to carry out other acts requiring confirmation of equity interest, the board of directors shall decide a date for determination of equity interest. Shareholders whose names appear on the register at the end of that day shall be the shareholders of the Company.

**Article 40:**

Any person that challenges the register of shareholders and requires his name to be entered into or removed from the register of shareholders may apply to a court of competent jurisdiction for correction of the register.

**Article 41:**

Any shareholder who is registered in the register of shareholders or requires his name to be entered into the register of shareholders may apply to the Company for issuance of a replacement certificate in respect of such shares ("relevant shares") if his share certificate ("original share certificate") is lost.

Applications for the replacement of share certificates from holders of Domestic-Invested Shares who have lost their certificates shall be dealt with in accordance with Article 144 of the Company Law.

Applications for the replacement of share certificates from holders of Overseas-Listed Foreign-Invested Shares who have lost their certificates may be dealt with in accordance with the laws, securities exchange regulations and other relevant regulations of the place where the original register of holders of Overseas-Listed Foreign-Invested Shares is kept.

Where holders of Overseas-Listed Foreign-Invested Shares of a company, which is listed in Hong Kong, apply for replacement of their certificates after losing their certificates, such replacement shall comply with the following requirements:

- (1) the applicant shall submit the application in the form prescribed by the Company accompanied by a notaries certificate or statutory declaration. The notaries certificate or statutory declaration shall include the applicant's reason for the application, the circumstances and proof of the loss of the share certificate and a declaration that no other person may require registration as a shareholder in respect of the Relevant Shares;
- (2) the Company shall not have received any declaration requiring registration as a shareholder in respect of the shares from any person other than the applicant before it decides to issue a replacement share certificate;
- (3) if the Company decides to issue a replacement share certificate to the applicant, it shall publish a public announcement of its intention to do so in the newspapers or periodicals designated by the board of directors; the period of the public announcement shall be 90 days, during which such announcement shall be published repeatedly at least once every 30 days;
- (4) before publishing the public announcement of its intention to issue a replacement share certificate, the Company shall submit a copy of the announcement to be published to the securities exchange where it is listed and may proceed with publication after having received a reply from the securities exchange confirming that the announcement has been displayed in the securities exchange. The Company shall display the public announcement in the securities exchange for a period of 90 days.

- (5) if the application for issuance of a replacement share certificate was made without the consent of the registered holder of the Relevant Shares, the Company shall mail to such shareholder a photocopy of the public announcement that it intends to publish;
- (6) at the expiration of the 90-day period provided for in items (3) and (4) hereof, if the Company has not received any objection to the issuance of a replacement share certificate from any person, it may issue a replacement share certificate according to the application of the applicant;
- (7) when the Company issues a replacement share certificate under this Article, it shall immediately cancel the original share certificate and record such cancellation and the issuance of the replacement share certificate in the register of shareholders; and
- (8) all expenses of the Company for the cancellation of the original share certificate and the issuance of a replacement share certificate shall be borne by the applicant. The Company shall be entitled to refuse to take any action until the applicant has provided reasonable security.

**Article 42:**

After the Company has issued a replacement share certificate in accordance with its Article of Association, it shall not delete from the register of shareholders the name of a *bona fide* purchaser of the replacement share certificate mentioned above or of a shareholder that is subsequently registered as the owner of the shares (provided that he is the bona fide purchaser).

**Article 43:**

The Company shall not be liable for any damages suffered by any person from the cancellation of the original share certificate or the issuance of the replacement share certificate, unless the claimant can prove fraud on the part of the Company.

Where power is taken to issue share warrants to bearer that no new share warrant shall be issued to replace one that has been lost, unless the issuer is satisfied beyond reasonable doubt that the original has been destroyed.

That any amount paid up in advance of calls on any share may carry interest but shall not entitle the holder of the share to participate in respect thereof in a dividend subsequently declared.

Where power is taken to forfeit unclaimed dividends, that power shall not be exercised until after the expiration of the applicable limitations period.

## **CHAPTER 7: RIGHTS AND OBLIGATIONS OF SHAREHOLDERS**

**Article 44:**

The Company's shareholders are persons that lawfully hold shares of the Company and whose names (titles) are entered in the register of shareholders.

Shareholder shall enjoy rights and have obligations according to the category and number of shares held by them. Holders of shares of the same category shall enjoy equal rights and have equal obligations.

No powers shall be taken to freeze or otherwise impair any of the rights attaching to any share by reason only that the person or persons who are interested directly or indirectly therein have failed to disclose their interests to the company.

**Article 45:**

Holders of ordinary shares of the Company shall enjoy the following rights:

- (1) receive dividends and other profit distributions on the basis of the number of shares held by them;
- (2) participate or to appoint proxies to participate in shareholders' general meetings and exercise voting rights;
- (3) supervise and control the Company's business activities, and raise suggestions or inquiries;
- (4) transfer shares in accordance with laws, administrative regulations and the Company's Articles of Association;
- (5) obtain relevant information in accordance with the Articles of Association of the Company, which shall include:
  - (i) obtaining the Articles of Association of the Company after payment of a charge to cover costs;
  - (ii) being entitled to browse and make a copy, after payment of reasonable charges, of:
    - (a) all parts of the register of shareholders;
    - (b) personal information on the directors, supervisors, manager and other senior management staff of the Company, including:
      - (b.1) current and previous names and aliases;
      - (b.2) main address (residence);
      - (b.3) nationality;
      - (b.4) full-time and all other part-time occupations and duties; and
      - (b.5) identification documents and their numbers.
  - (iii) the status of the Company's share capital;
  - (iv) reports of the aggregate par value, number of shares, and highest and lowest prices of each category of shares repurchased by the Company since the last fiscal year as well as all the expenses paid by the Company therefor; and
  - (v) the minutes of shareholders' general meetings;
  - (vi) copies of the latest annual return submitted to State Administration for Industry & Commerce of the PRC or other competent authorities for filing.
- (6) participate in the distribution of the remaining property of the Company according to their shareholding when the Company is terminated or liquidated; and
- (7) other rights conferred by laws, administrative regulations and the Company's Articles of Association.

**Article 46:**

Holders of ordinary shares of the Company shall have the following obligations:

- (1) abide by the Articles of Association of the Company;
- (2) pay subscription fees on the basis of the shares subscribed by them and the method of capital injection; and

- (3) other obligations imposed by laws, administrative regulations and the Company's Articles of Association.

Shareholders shall not bear any liability for further contribution to share capital other than the conditions agreed to by the subscriber of the relevant shares on subscription.

**Article 47:**

In addition to obligations imposed by laws, administrative regulations or the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Listing Rules") on controlling shareholders (as defined in Article 48) may not, in the exercise of their shareholders' powers, make decisions prejudicial to the interest of all or part of the shareholders as a result of the exercise of their voting rights on the issues set forth below:

- (1) relieving a director or supervisor of the responsibility to act honestly in the best interest of the Company;
- (2) approving a director or supervisor (for his own or another person's benefit) of depriving the Company of its property in any way, including (but not limited to) any opportunities that are favorable to the Company; or
- (3) approving a director or supervisor (for his own or another person's benefit) in depriving other shareholders of their personal rights or interests, including (but not limited to) rights to distributions and voting rights, but not including the restructuring of the Company submitted to and adopted by the shareholders in general meeting in accordance with the Articles of Association of the Company.

The chairman, vice chairman and executive director of the controlling shareholder shall also act as the Company's chairman, vice chairman and executive director, which number shall not exceed two. Officers of the controlling shareholder cannot also act as the Company's manager, vice manager, heads of the finance and sales departments and secretary to the board of directors.

**Article 48:**

For the purposes of the preceding Article, the term "controlling shareholder" shall refer to a person who satisfies any of the following conditions:

- (1) a person who, acting alone or in concert with others, has the power to elect more than half number of the directors;
- (2) a person who, acting alone or in concert with others, has the power to exercise or control the exercise of 30 percent or more of the company's voting rights;
- (3) a person who, acting alone or in concert with others, holds 30 percent or more of the issued and outstanding shares of the Company; or
- (4) a person who, acting alone or in concert with others, actually controls the Company in any other manner.

## **CHAPTER 8: SHAREHOLDERS' GENERAL MEETINGS**

**Article 49:**

The shareholders' general meeting shall be the organ of authority of the Company and shall exercise its functions and powers according to law.

**Article 50:**

The shareholders' general meeting shall exercise the following functions and powers:

- (1) to decide on the business policies and investment plans of the Company;
- (2) to elect and replace directors, the procedures of which are to be published on the Company's website, and to decide on matters concerning the remuneration of directors;
- (3) to elect and replace the supervisors who are to be appointed from among the shareholders' representatives and decide on matters concerning the remuneration of supervisors;
- (4) to examine and approve reports of the board of directors;
- (5) to examine and approve reports of the board of supervisors;
- (6) to examine and approve the Company's annual financial budget and final account proposals;
- (7) to examine and approve the Company's plans for profit distribution and reparation for losses;
- (8) to pass resolutions concerning the increase or reduction of the Company's registered capital;
- (9) to pass resolutions on matters such as the merger, division, dissolution or liquidation of the Company;
- (10) to pass resolutions on the issuance of bonds by the Company;
- (11) to pass resolutions on the appointment, removal or non-reappointment of accounting firms by the Company;
- (12) to amend the Articles of Association of the Company;
- (13) to examine motions raised by shareholders representing 5 percent or more of the Company's voting shares;
- (14) other matters that laws, administrative regulations and the Company's Articles of Association require to be resolved by the shareholders' general meeting; and
- (15) other matters that be authorized and/or entrusted by the shareholders' general meeting.

**Article 51:**

Without the prior approval of the shareholders' general meeting, the Company may not conclude any contract with any person other than a director, a supervisor, manager or other senior management staff of the Company for the delegation of the whole business management or part of the important business management of the Company management of the Company to that person.

**Article 52:**

Shareholders' general meetings shall include annual shareholders' meetings and extraordinary shareholders' meetings. Shareholders' general meetings shall be convened once a year and shall be held within six months following the preceding fiscal year.

The board of directors shall convene an extraordinary shareholders' general meeting within two months of the occurrence of any of the following circumstances:



- (1) the number of directors is less than the number provided for in the Company Law or less than two-thirds prescribed in the Articles of Association of Association of the Company;
- (2) the losses of the Company that have not been made up reach one-third of the total share capital of the Company;
- (3) At the written request of the shareholders separately or aggregately holding 10% or more of the Company's shares; or
- (4) the board of directors considers that there is a need or the board of supervisors proposes a meeting.

**Article 53:**

When the Company is to hold a shareholders' general meeting, it shall issue a written notice 45 days prior to the meeting informing all the registered shareholders of the matters to be examined at the meeting as well as the date and place of the meeting. Shareholders that intend to attend the shareholders' general meeting shall, within 20 days prior to the meeting, deliver a written reply to the Company on meeting attendance.

**Article 54:**

When the Company is to hold an annual shareholders' general meeting, shareholders separately or aggregately holding 3 percent or more of the total number of the Company's shares shall be entitled to propose new notions in writing to the Company. The Company shall include in the agenda for the meeting the matters in the motions that fall within the scope of duties of the shareholders' general meeting.

**Article 55:**

Based on the written replies received 20 days prior to a shareholders' general meeting, the Company shall calculate the number of voting shares represented by the shareholders intending to attend the meeting is more than half of the total number of the Company's voting shares, the Company may hold the shareholders' general meeting. If not, the Company shall within five days inform the shareholders once again of the matters to be examined at the meeting as well as the date and place of the meeting in the form of the public announcement. Upon notification by public announcement, the Company may hold the shareholders' general meeting.

Extraordinary shareholders' general meetings may not decide on matters not specified in the notice or announcement.

**Article 56:**

The notice of a shareholders' general meeting shall meet the following requirements:

- (1) it shall be made in writing;
- (2) it shall specify the place, date and time of the meeting;
- (3) it shall describe the matters to be discussed at the meeting;
- (4) it shall provide to the shareholders the information and explanations necessary for them to make a wise decision on the matters to be discussed. This principle shall apply (but not limit) when the Company proposes a merger, repurchase of shares, reorganization of share capital or other restructuring, it shall provide the specific conditions and contract (if any) of the transaction under discussions and earnestly explain the cause and result of the transaction;

- (5) it shall disclose the nature and extent of conflict of interest, if any, of any director, supervisor, manager or other senior management staff in any matter to be discussed; and provide an explanation of the difference, if any, between the way in which the matter to be discussed would affect such director, supervisor, manager or other senior management staff in his capacity as shareholder and the way in which such matter would affect other shareholders of the same category;
- (6) it shall contain the full text of any special resolution proposed to be adopted at the meeting;
- (7) it shall contain a conspicuous statement that shareholders entitled to attend and vote have the right to entrust one or more proxies to attend and vote on their behalf and that such proxy need not be a shareholder; and
- (8) it shall state the time and place for the delivery of the meeting's proxy forms.

***Article 57:***

The notice of a shareholders' general meeting shall be served on each shareholder (whether or not such shareholder is entitled to vote at the meeting) by personal delivery or pre-paid mail to the recipient's address shown in the register of shareholder. For the holders of Domestic-Invested shares, notice of a shareholders' general meeting may also be given by public announcement.

The public announcement referred to in the preceding paragraph shall be published in one or more newspapers designated by the Sate Council authorities in charge of securities during the period between 45 and 50 days before the meeting is held. Once the announcement is made, all holders of Domestic-Invested shares shall be deemed to have received the notice of the relevant shareholders' general meeting. Such public announcement shall be published in Chinese or English pursuant to Article 165.

***Article 58:***

A meeting and the resolutions adopted thereat shall not be invalidated as a result of the accidental omission to give notice of the meeting to, or the failure of receiving such notice by, a person entitled to receive such notice.

***Article 59:***

Any shareholder entitled to attend and vote at a shareholders' general meeting shall have the right to appoint one or more persons (whether such person is a shareholder or not) as his proxies to attend and vote on his behalf. Such proxy may exercise the following rights according to the authorization from that shareholder:

- (1) the shareholder's right to speak at the shareholders' general meeting; and
- (2) the right to vote.

***Article 60:***

Shareholders shall entrust their proxies by written instruments that shall be signed by the entrusting parties or such proxies. Where the entrusting party is a legal person, the instrument shall be sealed by the legal person or signed by its director (s) or duly authorized proxies. The instrument shall specify the exact number of shares that the proxies represent.

**Article 61:**

The instrument appointing a voting proxy shall be placed at the domicile of the Company or at such other place as specified in the notice of the meeting within 24 hours prior to the meeting at which the proxy is authorized to vote or within 24 hours prior to the specified time of the vote, Where the instrument is signed by another person authorized by the entrusting party, the power of attorney or other document authorizing the signature shall be notarized. The notarized power of attorney or other authorizing document shall be placed together with the instrument appointing the voting proxy at the domicile of the meeting.

Where the entrusting party is a legal person, its legal representative or the person authorized by resolution of its board of directors or other decision-making body shall be entitled to attend the Company's shareholders' general meetings as the representative of such legal person.

**Article 62:**

Any form issued by the board of directors of the Company to the shareholders for the appointment of proxies shall give the shareholders free choice to instruct their proxies the cast an affirmative or negative vote and enable the shareholders to give separate instructions on each matter to be voted during discussions at the meeting. The instrument of appointment shall specify that in the absence of instructions from the shareholder, the proxy may vote as he thinks fit.

The Company has the right to require that the proxies to provide evidence of their identity.

If a legal person shareholder appoints its legal representative to attend the shareholder's general meeting on its behalf, the Company has the right to request such legal representative to provide a copy of evidence of his identity and the notarized resolution of its board of directors or other decision-making body in relation to the appointment of such legal representative.

**Article 63:**

Where the entrusting party has died, lost capacity for acts, revoked the proxy or the signed instrument of appointment prior to the voting, or the relevant shares have been transferred prior to the voting, a vote given in accordance with the terms of an instrument of proxy shall remain valid as long as the Company have received a written notice in relation thereto before the commencement of the relevant meeting.

**Article 64:**

Resolutions of the shareholders' general meeting shall be ordinary resolutions or special resolutions.

Ordinary resolutions of the shareholders' general meeting shall be passed by votes representing more than one-half of the voting rights held by the shareholders (including proxies) present at the meeting.

Special resolutions of the shareholders' general meeting shall be passed by votes representing more than two-thirds of the voting rights held by the shareholders (including proxies) present at the meeting.

**Article 65:**

When shareholders (including proxies) vote at the shareholders' general meeting, they shall exercise their voting rights as are attached to the number of voting shares that they represent. Each share shall carry one vote.

If any shareholder has to forfeit his voting rights or be limited to just to vote for or against specific resolutions in accordance with the Listing Rules, his (including proxies) vote which offences the relevant regulations or limitations shall not be counted.

**Article 66:**

All votes of shareholders at a general meeting must be taken by poll. The shareholders or related persons who have material rights and interests shall disclaim the voting right.

**Article 67:**

A poll on the election of the chairman or the adjournment of the meeting shall be taken immediately. A poll for any other matter shall be taken at the time decided upon by the chairman and the meeting may then proceed with the discussion of other matters. The result of the poll shall be deemed a resolution passed at that meeting.

**Article 68:**

When a poll is taken, shareholders (including proxies) having the right to two or more votes need not cast all votes in the same way.

**Article 69:**

When the number of votes for and against a resolution is equal, the chairman of the meeting shall have an additional vote.

**Article 70:**

The following matters shall be resolved by way of an ordinary resolution of the shareholders' general meeting:

- (1) work reports of the board of directors and the board of supervisors;
- (2) plans for the distribution of profits and making up of losses drafted by the board of directors;
- (3) removal of members of the board of directors and the board of supervisors, their remuneration and method of payment of their remuneration;
- (4) the Company's annual budget, final accounts, balance sheet, profit statement and other financial statements; and
- (5) matters other than those required by laws, administrative regulations or the Company's Articles of Association to be passed by way of a special resolution.

**Article 71:**

The following matters shall be resolved by way of a special resolution of the shareholders' general meeting;

- (1) increase or reduction of the Company share capital and issuance of any class of shares, warrants or other similar securities;
- (2) issuance of Company's bonds;
- (3) division, merger, dissolution and liquidation of the Company;
- (4) amendment to the Articles of Association of the Company; and
- (5) other matters that, as resolved by way of an ordinary resolution of the shareholders' general meeting, may have a significant impact on the Company and required to be resolved by way of a special resolution.

**Article 72:**

Shareholders requesting the convening of an extraordinary shareholders' general meeting or a class meeting of shareholders shall proceed in accordance with the procedures set forth below:

- (1) shareholders separately or aggregately holding a total of 10 percent or more of the shares may sign one or more written counterpart requests requesting the board of directors to convene an extraordinary shareholders' general meeting or a class meeting of shareholders and stating the subject of the meeting. The board of directors shall convene the shareholders' general meeting or the meeting of shareholders of different class as soon as possible after having received the above-mentioned written request. The shareholding referred to above shall be calculated as at the date on which the written request is made; and
- (2) if the board of directors fails to issue a notice of such a meeting within 30 days after having received the above-mentioned written notice, the shareholders who made such request may themselves convene the meeting within four months after the board of directors received the request. The procedures according to which they convene such meeting shall be, as similar as possible, to the procedures according to which shareholders' meetings are to be convened by the board of directors.

Where shareholders convene and hold a meeting because the board of directors failed to hold such meeting pursuant to a request as mentioned above, the reasonable expenses incurred by such shareholders shall be borne by the Company and shall be set-off against the sums owed by the Company to the defaulting directors.

**Article 73:**

Shareholders' general meetings shall be convened and presided over by the chairman of the board. Where the chairman of the board cannot attend such a meeting for any reason, the meeting shall be convened and presided over by the vice chairman of the board. Where both the chairman and the vice chairman of the board (are unable to attend the meeting, the board of directors may designate a director of the Company to convene and preside over the meeting on its behalf. Where no chairman is designated, the shareholders attending the meeting may elect one person to preside over the meeting. If for any reason the shareholders are unable to elect a chairman, the shareholder holding the largest number of voting shares and attending the meeting (whether in person or by proxy) shall preside over the meeting.

**Article 74:**

The chairman of the meeting shall be responsible for deciding whether or not a resolution of the shareholders' general meeting has been passed. His decision shall be final and conclusive and shall be announced at the meeting and recorded in the minutes of the meeting.

**Article 75:**

If the chairman of the meeting has any doubt about the result of a resolution put to the vote, he may count the number of votes. If the chairman of the meeting fails to count the votes, a shareholder or proxy attending the meeting who challenges the result announced by the chairman of the meeting shall have the right to request counting of votes immediately after such announcement, the chairman of the meeting shall immediately count the votes.

**Article 76:**

If votes are counted at a shareholders' general meeting, the result of the counting shall be recorded in the minutes of the meeting.

The minutes of meetings and the attendance records signed by the attending shareholders and proxies shall be kept at the Company's residence.

**Article 77:**

Shareholders may examine photocopies of the minutes of meetings during the Company's office hours without charge. If any shareholder requests for a photocopy of relevant minutes of meetings from the Company, the Company shall send such photocopy within seven days after receiving payment of reasonable charges.

**CHAPTER 9: SPECIAL PROCEDURES FOR VOTING BY DIFFERENT CLASSES OF SHAREHOLDERS**

**Article 78:**

Shareholders who hold different classes of shares shall be class shareholders.

Class shareholders shall enjoy rights and assume duties in accordance with laws, administrative regulations and the Company's Articles of Association.

**Article 79:**

If the Company intends to change or abrogate the rights of class shareholders, it may do so only after such change or abrogation has been approved by a special resolution of the shareholders' general meeting and by a separate shareholders' general meeting convened by the shareholders of that class in accordance with Articles 81 to 85.

**Article 80:**

The rights attaching to a particular class of shares shall be deemed to have been changed or abrogated in the following conditions:

- (1) increase or decrease in the number of shares of such class, or an increase or decrease in the number of shares of a class having voting rights, distribution rights or other privileges equal or superior to those of the shares of such class;
- (2) change of all or part of the shares of such class into shares of another class, conversion of all or part of the shares of another class into share of such class or the grant of the right to such change;
- (3) removal or reduction of rights to accrued dividends or cumulative dividends attached to shares of such class;
- (4) reduction or removal of preferential rights attached to shares of that class to receive a dividends or to asset distribution during liquidation of the Company;
- (5) addition, removal or reduction of share conversion rights, options, voting rights, transfer rights, preemptive rights or rights to acquire securities of the Company attached to shares of such class;
- (6) removal or reduction of rights to receive amounts payable by the Company in a particular currency attached to shares of such class;

- (7) a creation of a new class of shares with voting rights, distribution rights or other privileges equal or superior to those of the shares of that class;
- (8) imposition of restrictions or additional restrictions on the transfer or ownership of shares of such class;
- (9) issuance of rights to subscribe for, or convert into, shares of such class or another class;
- (10) increase in the rights and privileges of shares of another class;
- (11) restructuring of the Company causes disproportion distribution of obligations between shareholders of various classes during the restructuring; or
- (12) amendment to or cancellation of the provisions of this chapter.

***Article 81:***

In relation to classes of shareholders who are affected, irrespective of whether they have the right to vote at shareholders' general meetings, they shall have the right to vote at class meetings of shareholders in respect of matters referred to in items (2) to (8) or (11) to (12) of Article 80, except that interested shareholders shall not have the right to vote at such class meetings. For the purposes of the preceding paragraph, the term "interested shareholders" shall have the following meanings:

For the purposes of the preceding paragraph, the term "interested shareholders" shall have the following meanings:

- (1) in case of a repurchase of shares by way of public dealing on a securities exchange in accordance with Article 25 hereof, the controlling shareholders as defined in Article 48 hereof shall be "interested shareholders";
- (2) in case of a repurchase of shares by way of an off-market agreement in accordance with Article 25 hereof, holders of shares in relation to such agreement shall be "interested shareholders";
- (3) under a restructuring proposal of the Company, shareholders who will bear liability in a smaller proportion than that of the liability borne by other shareholders of the same class, or shareholders who have an interest in a restructuring proposal of the Company that is different from the interest in such restructuring proposal of other shareholders of the same class shall be "interested shareholders"; or
- (4) if any shareholder shall disclaim his voting right or be limited just to vote for or against appointed special resolutions on some resolutions of a class of shareholders, any vote from them or their proxies that disobey the regulation or limitation shall not be count as a vote which has a voting right.

***Article 82:***

Resolutions of a class of shareholders may only be passed by more than two-thirds of the voting rights of that class represented at the meeting in accordance with Article 81 hereof.

***Article 83:***

When the Company is to hold a class meeting, it shall issue a written notice 45 days prior to the meeting informing all the registered shareholders of that class of the matters to be examined at the meeting as well as the date and place of the meeting. Shareholders who intend to attend the meeting shall, within 20 days prior to the date of the meeting, deliver a written reply in respect thereof to the Company.

If the number of shares carrying the right to vote at the meeting represented by the shareholders intending to attend the meeting is more than half of the total number of shares of that class carrying the right to vote at the meeting, the Company may hold the class meeting. If not, the Company shall within five days give the shareholders further notice of the matters to be examined at the meeting and the date and place of the meeting by way of public announcement. Upon making such public announcement, the Company may hold the class meeting.

***Article 84:***

Notice of a class meeting need only be delivered to the shareholders entitled to vote thereat.

The procedures according to which a class meeting is held shall, be as similar as possible, follow the procedures according to which a general shareholders' meeting is held. Provisions of the Articles of Association of the Company relating to procedures for the holding of a shareholders' general meeting shall be applicable to class meetings.

***Article 85:***

Apart from the holders of other classes of shares, holders of Domestic-Invested Shares and Overseas-Listed Foreign-Invested Shares shall be deemed to be holders of different classes of shares.

The special procedures for approval by a class of shareholders shall not apply in the following circumstances:

- (1) where, upon the approval by a special resolution of the shareholders' general meeting, the Company issues, either separately or concurrently, Domestic-Invested Shares and Overseas-Listed Foreign-Invested Shares once every 12 months, not more than 20 percent of the existing issued of the respective classes; or
- (2) where the plan for issuance of Domestic-Invested Shares and Overseas-Listed Foreign-Invested Shares upon the establishment of the Company is completed within 15 months from the date of approval by the State Council Securities Commission.

**CHAPTER 10: BOARD OF DIRECTORS**

***Article 86:***

The Company shall have a board of directors. The board of directors shall be composed of no more than 15 directors.

***Article 87:***

Directors shall be elected at the shareholders' general meeting each for a term of 3 years.

A written notice of intention to nominate a person for election as director and a written notice of acceptance of such nomination given by such person shall be given to the Company 7 days prior to a shareholder's meeting. The written notice shall be given no earlier than the day after the dispatch of the notice of the meeting appointed for such election and end no later than seven days before the date of such meeting.

The number of directors that do not concurrently hold posts in the Company shall be more than one half of the whole number of the directors of the Company. And the Company shall appoint at least three independent non-executive directors, constituting not less than one-third of the Board of Directors, including at least one who has the professional qualification or professional knowledge in accounting or relevant financial management in accordance with the Listing Rules.



The chairman of the board and the vice chairman of the board shall be elected and removed by more than half of all the directors. The chairman of the board and the vice-chairman of the board shall serve a term of 3 years and may serve consecutive terms if re-elected upon the expiration of their terms.

Subject to compliance with the relevant laws and regulations, the shareholders in general meeting may by ordinary resolution remove any director of the board whose term has not expired. (But the right to claim pursuant to any agreements shall be not affected thereby.)

Board of directors shall have the right to appoint any one to be the director for filling up a vacant position or be an extra member at any time provided that the number of the directors shall not exceed the number decided by the shareholders in general meetings from time to time. Any appointed director shall be reelected at the first shareholders' annual general meeting right after his appointment.

Directors need not be shareholders of the Company.

***Article 88:***

The board of directors shall be accountable to the shareholders' general meeting and shall exercise the following functions and powers:

- (1) to be responsible for convening shareholders' general meetings and to report on its work to the shareholders' general meeting;
- (2) to implement the resolutions of shareholders' general meetings;
- (3) to decide on the business plans and investment plans of the Company;
- (4) to formulate the proposed annual financial budgets and final accounts of the Company;
- (5) to formulate the plans for profit distribution and making up losses of the Company;
- (6) to formulate plans for the increase of reduction in the registered capital of the Company and for the issue of Company bonds;
- (7) to draft plans for the merger, division or dissolution of the Company;
- (8) to appoint or renew the manager of Company, appoint or renew the deputy manager(s) and personnel in charge of financial affairs as proposed by the manager, and to decide on the their remuneration;
- (9) to formulate the basic management system of the Company;
- (10) to formulate proposals to amendment to the Articles of Association of the Company;
- (11) other functions and powers conferred by the shareholders' general meeting; and
- (12) to decide any investment, including establishment of subsidiary companies or acquire shares or share rights of other companies, except as provided by (a) laws and/or regulations in the PRC; (b) laws and/or regulations in the jurisdictional area in which the Company's shares list; (c) detailed rules of organization constitution of the Company; (d) relevant governments and/or authorities.

Resolutions by the board of directors on matters referred to in the preceding paragraph may be passed by the affirmative vote of a simple majority of the directors other than the resolutions on matters referred to in items (6), (7), (11) and (12), which shall require the affirmative vote of more than two-thirds of the directors.

***Article 89:***

When the board of directors disposes of fixed assets and the aggregate amount of the expected value of the consideration for the proposed disposal and the value of the consideration for disposal of fixed assets made in the four months immediately preceding the proposed disposal exceeds 33 percent of the value of the fixed assets shown in the latest balance sheet placed before the shareholders' general meeting, the board of directors may not dispose of the fixed assets without the prior approval of the shareholders' general meeting.

For the purposes of this Article, the term "disposal of fixed assets" shall include the transfer of an interest in assets, but does not include usage of fixed assets for the provision of security.

The validity of transactions whereby the Company disposes of fixed assets shall not be affected by the first paragraph hereof.

***Article 90:***

The chairman of the board shall exercise the following functions and powers:

- (1) to preside over shareholders' general meetings and to convene and preside over meetings of the board of directors;
- (2) to examine the implementation of resolutions of the board of directors;
- (3) to sign certificates of securities issued by the Company; and
- (4) other functions and powers granted by the board of directors.

If the chairman of the board is unable to perform his functions, he may designate a vice chairman of the board to perform such functions on his behalf. If both the chairman and the vice-chairman are unable to perform their functions, the chairman may designate a director to perform such functions on his behalf.

***Article 91:***

Meetings of the board of directors shall be held at least twice a year. Meetings of the board of directors shall be convened by the chairman of the board by giving a notice to all directors 5 days before the meetings are held. When there is an urgent matter, an extraordinary meeting of the board of directors may be held if it is so requested by more than one third of the directors or the Company's general manager;

***Article 92:***

Notice of meetings and extraordinary meetings of the board of directors shall be delivered in person, by facsimile, express delivering service or registered mail. The time limit for delivery of such notice shall be at least 10 days before the meetings.

***Article 93:***

Meetings of the board of directors shall be held only if more than half of the directors are present.

Each director shall be entitled to one vote. Resolutions of the board of directors must be passed by the affirmative vote of more than half of all the directors.

A director shall not vote at a meeting of the directors on any resolution approving any contract or arrangement or any other proposal in which he or any of his associates has a material interest nor shall he be counted in the quorum present at the meeting, unless for:

- (1) (a) giving him a guarantee, security, indemnity in respect of money lent to, or an obligation incurred by him for benefit or at the request of, the Company or any of its subsidiaries;  
  
(b) the giving of a guarantee or indemnity or the giving of any security by the director solely or jointly with others in favour of a third party for the Company or any of its subsidiaries in respect of their liabilities or obligations.
- (2) his interest or any interest of his associates arises by virtue of his or his associate(s) being, or intending to become, a participant in the underwriting or sub-underwriting of an offer of any shares in or debentures or other securities of the Company or any other company in which the Company may promote or be interest in for subscription, purchase or exchange;
- (3) an arrangement for the benefit of employees of the Company or any of its subsidiaries, including:
  - (i) the adoption, modification or operation of any employee's share scheme or share incentive scheme or share option scheme under which the director may benefit; or
  - (ii) the adoption, modification or operation of a pension fund, or retirement, death or disability benefits scheme, which relates both to directors and employees of the Company or any of its subsidiaries and does not provide in respect of any director as such privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates.
- (4) any contract or arrangement in which the director(s) is interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company.

**Article 94:**

Meetings of the board of directors shall be attended by the directors in person. If a director cannot attend a meeting for any reason, he may entrust in writing another director with attending the meeting on his behalf. The instrument of entrustment shall specify the scope of authority.

A director who attends a meeting on behalf of another director shall exercise the rights of a director within the scope of authority granted. If a director fails to attend a meeting of the board of directors and has not appointed a representative to attend on his behalf, he shall be deemed to have waived his voting rights in that meeting.

In respect of any matter to be determined at extraordinary board meeting and where written notice of matters to be determined at such meeting have been sent to all directors, and the number of directors who have signified their consent thereto is more than the number set out in Article 93, a valid resolution shall be deemed to be passed without having to hold the meeting.

**Article 95:**

The board of directors shall keep minutes of resolution passed at board meetings. The directors present at a meeting and the person taking minutes shall sign the minutes of that meeting. The directors shall be liable for the resolution of the board of directors. Where a resolution of the board of directors is in violation of laws, administrative regulations or the Company's Articles of Association, thereby causing serious losses to the Company, the directors who took part in the passing of such resolution shall be liable to the Company for damages. However, where a director can prove that he expresses his objection to such resolution when it is voted, and that such objection is recorded in the minutes of the meeting, the director may be released from such liability.

The board of directors shall set up special committees to help it fulfil the duties as authorised by the board of directors. The special committees under the board of directors are audit committee, remuneration committee and nomination committee. The special committees shall be accountable to the board of directors, and shall consist of directors. In the audit committee, the remuneration committee and the nomination committee, independent directors shall be the majority in number and shall be the chairman of such committee, and the audit committee shall comprise at least one accounting professional as independent director. Where necessary, the board of directors may also set up other committees and adjust the existing committees. The board of directors shall formulate rules of procedures for respective special committees.

## **CHAPTER 11: SECRETARY TO THE BOARD OF DIRECTORS**

### ***Article 96:***

The Company shall have a secretary to the board of directors. The secretary to the board of directors shall be a member of the senior management staff of the Company.

### ***Article 97:***

The secretary to the board of directors shall be a natural person with the necessary professional knowledge and experience. He shall be appointed by the board of directors. His main duties shall be as set forth below.

- (1) to guarantee that the Company has complete organizational documents and records;
- (2) to ensure that the Company prepares and submits according to law the documents and reports required by relevant authorities; and
- (3) to guarantee that the Company's register of shareholders is properly maintained and that persons entitled to relevant records and documents of the Company may obtain such relevant records and documents in a timely manner.

### ***Article 98:***

Directors or other senior management staff of the Company may concurrently hold the office of secretary to the board of directors. No accountant of the accounting firm hired by the Company may concurrently hold the office of secretary to the board of directors.

If the office of secretary to the board of directors is held by a director of the Company and a certain act is to be done by the board of directors and the secretary to the board of directors separately, the person who concurrently holds the offices of director and secretary to the board of directors may not perform such act in dual capacity.

## **CHAPTER 12: GENERAL MANAGER**

### ***Article 99:***

The Company shall have one general manager who shall be appointed or dismissed by the board of directors. The board of directors can appoint a director to act as general manager concurrently.

### ***Article 100:***

The general manager of the Company shall be accountable to the board of directors and shall exercise the following functions and powers;

- (1) To be in charge of the production, operation and management of the Company and to organize the implementation of the resolutions of the board of directors;

- (2) to organize the implementation of the Company's annual business plans and investment plans;
- (3) to draft plan for establishment of the Company's internal management organization;
- (4) to draft the Company's basic management system;
- (5) to formulate the basic rules and regulations of the Company;
- (6) to propose the employment and dismissal of the deputy general manager of the Company and personnel in charge of financial affairs;
- (7) to hire or dismiss management personnel other than those to be hired or dismissed by the board of directors; and
- (8) other functions and powers conferred by the Company's Articles of Association and the board of directors.

***Article 101:***

The general manager shall attend meetings of the board of directors, but if he is not a director, he shall not have the right to vote at such meetings.

***Article 102:***

In the exercise of his functions and powers, the general manager shall perform his duties honestly and diligently and in accordance with laws, administrative regulations and the Company's Articles of Association.

**CHAPTER 13: BOARD OF SUPERVISORS**

***Article 103:***

The Company shall have a board of supervisors.

***Article 104:***

The board of supervisors shall be composed of 3 persons, one of them shall be the chairman of the board of supervisors. The term of office of a supervisor shall be 3 years and may serve consecutive terms.

The appointment and removal of chairman of the board of supervisors shall be voted by more than two third of the supervisors.

The term of office of chairman of the board of supervisors shall be 3 years and is eligible for reelection and may serve consecutive terms.

***Article 105:***

The board of supervisors shall be composed of 2 shareholders' representatives and 1 representative of the Company's staff and workers. The shareholders' supervisor representatives shall be elected and removed by the shareholders' general meeting, and the supervisor representatives of the Company's staff and workers shall be democratically election or removed by the Company's staff and workers.

***Article 106:***

The Company's directors, general manager and personnel in charge of financial affairs may not serve concurrently as supervisors.

**Article 107:**

Meetings of the board of supervisors shall be held at least once a year. The chairman of the board of supervisors shall be responsible for convening meetings of the board of supervisors.

**Article 108:**

The board of supervisors shall be accountable to the shareholder's general meeting and exercise the following functions and powers according to laws:

- (1) to examine the Company's financial affairs;
- (2) to supervise the Company's directors, the general manager and other senior management staff to see whether they violate any laws, regulations or the Company's Articles of Association during their performance of Company duties;
- (3) to require a director, the general manager or other senior management staff of the Company to rectify an act if such act is harmful to the Company's interests;
- (4) to verify financial information such as financial reports, business reports, profit distribution plans, etc. that the board of directors intends to submit to the shareholders' general meeting and, if in doubt, to authorize, in the name of the Company, a registered accountant or practicing auditor to assist in reviewing such information;
- (5) to propose the holding of extraordinary shareholders' general meetings;
- (6) to represent the Company in negotiating with or instituting legal proceedings against director; and
- (7) other function and powers provided for in the Articles of Association of the Company.

Supervisors shall attend meetings of the board of directors as attendants.

**Article 109:**

The resolutions of the board of supervisors shall be passed by votes and such resolutions must be in writing.

The resolutions shall be passed by the affirmative vote of more than two third of supervisors.

**Article 110:**

The reasonable expenses incurred by the board of supervisors in engaging of professionals such as lawyers, registered accountants, practicing auditors etc. in the exercise of its functions and powers shall be borne by the Company.

**Article 111:**

Supervisors shall faithfully perform their supervisory duties in accordance with laws, administrative regulations and the Company's Articles of Association.

**CHAPTER 14: QUALIFICATIONS AND DUTIES OF THE COMPANY'S DIRECTORS, SUPERVISORS, GENERAL MANAGER AND OTHER SENIOR MANAGEMENT STAFF**

**Article 112:**

None of the following persons may serve as a director, supervisor, general manager or other senior management staff of the Company:

- (1) persons without capacity or with limited capacity for civil acts;

- (2) persons who were sentenced for crimes of corruption, bribery, encroachment or embezzlement of property or disruption of the social and economic order where five years have not lapsed following the serving of the sentence, or persons who were deprived of their political rights for committing a crime where five years have not lapsed following the serving of the sentence;
- (3) directors, or factory directors or managers who bear personal liability for the bankruptcy or liquidation of their Companies or enterprises where three years have not lapsed following the date of completion of such bankruptcy or liquidation;
- (4) the legal representatives of Companies or enterprises that had their business licenses revoked shut down for breaking the law, where such representatives bear individual liability therefor and three years have not lapsed following the date of revocation of such business licenses;
- (5) persons with relatively heavy individual debts that have not been settled upon maturity;
- (6) persons whose cases have been established for investigation by the judicial authorities as a result of violation of the criminal law, and have not been closed;
- (7) persons who may not act as leaders of enterprises by virtue of laws and administrative regulations;
- (8) non-natural persons; and
- (9) persons ruled by a relevant organization in charge to have violated securities-related regulations, where such violation involved fraudulent or dishonest acts and five years have not lapsed following the date of the ruling.

***Article 113:***

The validity of an act of a director, general manager or other senior management staff of the Company on behalf of the Company towards a bona fide third party shall not be affected by any irregularity in his current position, election or qualifications.

***Article 114:***

In addition to duties imposed by laws, administrative regulations or listing rules of the stock exchange(s) on which shares of the Company are listed, the Company's directors, supervisors, general manager and other senior management staff shall own a duty to each shareholder in the exercise of the functions and powers extracted to them by the Company:

- (1) not to cause the Company to act beyond the scope of business stipulated in its business license;
- (2) to act honestly in the best interests of the Company;
- (3) not to deprive the Company's property in any way, including (but not limited to) any opportunities that are favorable to the Company; and
- (4) not to deprive shareholders of their individual rights or interests, including (but not limited to) rights to distributions and voting rights, unless pursuant to a restructuring of the Company submitted to and adopted by the shareholders' general meeting in accordance with the Articles of Association of the Company.

**Article 115:**

The Company's directors, supervisors, general manager and other senior management staff shall have an obligation, in the exercise of their rights or discharge of their duties, to exercise such due care, diligence and skill that a reasonably and prudent person would exercise under similar circumstances.

**Article 116:**

The Company's directors, supervisors, general manager and other senior management staff must, in the exercise of their duties, abide by the principles of honesty and creditability and shall not place themselves in a position where there is a conflict between their personal interests and their duties. This principle shall include (but not limited to) the fulfillment of the following duties:

- (1) to act honestly in the best interests of the Company;
- (2) to exercise powers within the scope of their functions and powers and not to act beyond such powers;
- (3) to personally exercise the discretion vested in him, not to allow himself to be manipulated by another person and, not to delegate the exercise of his discretion to another party unless permitted by laws and administrative regulations or with the consent of the shareholder's general meeting that has been informed;
- (4) to be impartial to shareholders of the same class and of different classes;
- (5) not to conclude a contract or enter into a transaction or arrangement with the Company except as otherwise provided for in the Articles of Association of the Company;
- (6) not to use Company property for his own benefit in any way without the consent of the shareholders' general meeting that has been informed;
- (7) not to use his functions and powers as a means to accept bribes or other forms of illegal income, and not to illegally expropriate Company property in any way, including but not limited to, any opportunities that are favorable to the Company;
- (8) not to accept commissions in connection with Company transactions without the consent of the shareholders' general meeting that has been informed;
- (9) to abide by the Articles of Association of the Company, perform his duties faithfully, protect the interests of the Company and not to seek personal gain with his position, functions and powers in the Company;
- (10) not to compete with the Company in any way without the consent of the shareholders' general meeting that has been informed;
- (11) not to embezzle Company funds or lend them to others, not to deposit Company assets in accounts opened in his own or in another's name, and not to use Company assets as security for the debts of Company shareholders or other individuals; and
- (12) not to disclose confidential information relating to the Company that has been acquired by him during his office without the consent of the shareholders' general meeting that has been informed, and not to use such information except in the interests of the Company; however, such information may be disclosed to the court or other government authorities if :
  - (a) provided for by law;
  - (b) required for the public interest; or



- (c) required for the own interest of such director, supervisor, general manager or other senior management staff of the Company.

***Article 117:***

A director, a supervisor, the general manager or other senior management staff of the Company may not direct the following persons or organizations (“connected persons”) to do what such director, supervisor, general manager or other senior management staff may not do:

- (1) The spouse or minor child of such director, supervisor, general manager or other senior management staff of the Company;
- (2) The trustee of a director, supervisor, general manager or other senior management staff of the Company or of any person referred in item (1) hereof;
- (3) The partner of a director, supervisor, general manager or other senior management staff of the Company or of any person referred in items (1) and (2) hereof;
- (4) The company over which a director, supervisor, general manager or other senior management staff of the Company, alone or jointly with any person referred to in items (1), (2) and (3) hereof or any other director, supervisor, general manager or other senior management staff of the Company, has actual control; and
- (5) A director, a supervisor, the general manager or other senior management staff of a company being controlled as referred to in item (4) hereof.

***Article 118:***

The fiduciary duties of the Company’s directors, supervisors, general manager and other senior management staff do not necessarily cease with the termination of their office. Their confidentiality obligation in relation to the Company’s trade secrets shall remain upon termination of their office. The term for which other duties shall continue shall be decided upon in accordance with the principle of fairness, depending on the time lapse between the termination and the occurrence of the matter as well as the circumstances and conditions under which the relationship with the Company terminates.

***Article 119:***

A director, a supervisor, the general manager or other senior management staff of the Company may be relieved from liability for a specific breach of duties with the informed consent given at the shareholders’ general meeting, except in circumstances as specified in Article 47.

***Article 120:***

If a director, a supervisor, the general manager or other senior management staff of the Company has direct or indirect vested material interest in a contract, transaction or arrangement concluded or planned by the Company (except for his employment contract with the Company), he shall disclose the nature and extent of his interest to the board of directors at the earliest opportunity, whether or not the matter is normally subject to the approval of the board of directors.

Unless the interested director, supervisor, general manager or other senior management staff of the Company has disclosed such interest to the board of directors as required under the preceding paragraph hereof and the matter has been approved by the board of directors at a meeting in which he was not counted as part of the quorum and had refrained from voting, the contract, transaction or management is violable by the Company, except the other party is a bona fide party acting without knowledge of the breach of obligation by the interested director, supervisor, general manager or other senior management staff.

A director, a supervisor, the general manager or other senior management staff of the Company shall be deemed to have an interest in any contact, transaction or arrangement in which a connected person of that director, supervisor, general manager or other senior management staff has an interest.

***Article 121:***

If a director, a supervisor, the general manager or other senior management staff of the Company gives a written notice to the board of directors before the conclusion of the contract, transaction or arrangement is first considered by the Company, stating that due to the contents of the notice, he has an interest in the contract, transaction or arrangement that may subsequently be made by the Company, such director, supervisor, general manager or other senior management staff of the Company shall be deemed for the purposes of the preceding Articles of this part to have declared his interest, insofar as attributable to the scope stated in the notice.

***Article 122:***

The Company may not in any manner pay tax on behalf of its directors, supervisors, general manager and other senior management staff.

***Article 123:***

The Company may not directly or indirectly provide a loan or loan security for its directors, supervisors, general manager, other senior management staff, those of its parent company, or connected persons of the above-mentioned persons.

The provisions of the preceding paragraph shall not apply to the following circumstances:

- (1) The provision of a loan or loan security by the Company for a subsidiary of the Company;
- (2) The provision of a loan or loan security or other funds by the Company to a director, a supervisor, the general manager or other senior management staff of the Company under an employment contract approved by the shareholders' general meeting, so as to enable him to pay the expenses incurred for the sake of the Company or for the performance of his duties for the Company; and
- (3) The provision of a loan or loan security by the Company to a relevant director, a supervisor, the general manager or other senior management staff of the Company or to a connected person thereof on normal commercial terms, if the ordinary business scope of the Company includes the lending of money or the provision of loan security.

***Article 124:***

A loan provided by the Company in violation of the preceding article shall be immediately repayable by the recipient of the loan, regardless of the terms of the loan.

***Article 125:***

The Company may not be forced to provide a loan guarantee provided by the Company in violation of the first paragraph of Article 123(1), except:

- (1) When the loan is provided to a connected person of a director, a supervisor, the general manager or other senior management staff of the Company in violation of the Company or its parent company, the loan provider is not aware of the condition; and
- (2) The collateral provided by the Company has been lawfully sold by the loan provider to a bona fide purchaser.

***Article 126:***

For the purposes of the preceding Articles of this chapter, a “guarantee” shall include an act whereby a guarantor assumes liability or provides property to guarantee or secure the performance of duties by an obligor.

***Article 127:***

If a director, a supervisor, the general manager or other senior management staff of the Company breaches his duties to the Company. The Company shall, in addition to any rights and remedies provided for by laws and administrative regulations, have a right to:

- (1) require the relevant director, supervisor, general manager or other senior management staff to compensate for the losses sustained by the Company as a consequence of his breach of duty;
- (2) rescind any contract or transaction concluded by the Company with the relevant director, supervisor, general manager or other senior management staff and contracts or with a third party (where such third party is aware or should be aware that the director, supervisor, general manager or other senior management staff representing the Company was in breach of his duties to the Company);
- (3) require the relevant director, supervisor, general manager or other senior management staff to surrender the gains derived from the breach of his duties;
- (4) recover any funds received by the relevant director, supervisor, general manager or other senior management staff that should have been received by the Company, including (but not limited to) commissions; and
- (5) require the relevant director, supervisor, general manager or other senior management staff to return the interest earned or may have been earned on the funds that should have been given to the Company.

***Article 128:***

The Company shall conclude a written contract with each director and supervisor of the Company concerning his emoluments. Such contract shall be approved by the shareholders’ general meeting before it is entered into. The above-mentioned emoluments shall include:

- (1) Emoluments in respect of his service as a director, supervisor or senior management staff of the Company;
- (2) Emoluments in respect of his service as a director, supervisor or senior management staff of a subsidiary of the Company;
- (3) Emoluments otherwise in connection with the management of the Company or any subsidiary thereof; and
- (4) Funds as compensation for his loss of office or retirement to the aforementioned directors and supervisors.

A director or supervisor may not sue the Company for benefits due to him on the basis of the above-mentioned matters, except under a contract as mentioned above.

***Article 129:***

The Company shall specify in the contract concluded with a director or supervisor of the Company concerning his emoluments that in the event of a takeover of the Company, a director or supervisors of the Company shall, subject to prior approval of the shareholders' general meeting, have the right to receive the compensation or other funds obtainable for loss of office or retirement, For the purposes of the preceding paragraph, the term "a takeover of the Company" shall refer to any of the following circumstances:

- (1) Anyone makes a general offer to all the shareholders; or
- (2) Anyone makes a general offer so that the offer becomes a controlling shareholder as defined in Article 48 hereof.

If the relevant director or supervisor has failed to comply with this Article, any fund received by him shall belong to those persons that have sold their shares as a result of their acceptance of the above-mentioned offer, and the expenses incurred in distribution of such fund on a pro rata basis shall be borne by the relevant director or supervisor and may not be paid out of such fund.

***CHAPTER 15: FINANCLAL AND ACCOUNTING SYSTEMS AND DISTRIBUTION OF PROFITS***

***Article 130:***

The Company shall formulate its own financial and accounting systems in accordance with laws, administrative regulations and the PRC's accounting standards formulated by the State Council's department in charge of finance.

***Article 131:***

The Company shall prepare financial reports at the end of each fiscal year. Such reports shall be examined and certified according to law.

***Article 132:***

The board of directors of the Company shall place before the shareholders at each annual shareholder's general meeting such financial reports as relevant laws, administrative regulations and directions promulgated by the local government and the authorities-in-charge require the Company to prepare.

***Article 133:***

The financial reports of the Company shall be made available for inspection by shareholders 20 days prior to an annual shareholder's general meeting. Each shareholder of the Company shall have the right to obtain a copy of the financial reports referred to in this Part.

The Company shall send copies of the said reports to each holder of Overseas-Listed Foreign-Invested Shares by prepaid mail at the recipient's address as shown on the register of shareholders.

***Article 134:***

The financial statements of the Company shall be prepared not only in accordance with the PRC's accounting standards, laws and regulations but also in accordance with international accounting standards or the accounting standards of the place(s) outside the PRC where shares of the Company are listed. If there are major differences in the financial statements prepared in accordance with these two sets of accounting standards, such differences shall be stated in notes appended to such financial statements. For purposes of the Company's distribution of after-tax profits in a given fiscal year, the smaller amount of after-tax profits shown in the above-mentioned two kinds of financial statements shall be adopted.

***Article 135:***

Interim results or financial information published or disclosed by the Company shall be prepared in accordance with the PRC's accounting standards, laws and regulations as well as international standards or the accounting standards of the place(s) outside the PRC where shares of the Company are listed.

***Article 136:***

The Company shall publish two financial reports every fiscal year, namely an interim financial report within 60 days after the end of the first six months of each fiscal year and an annual financial report within 120 days after the end of each fiscal year.

***Article 137:***

The Company may not keep any account books other than statutory account books.

The profits after taxation shall be distributed as follows:

- (1) compensation for loss;
- (2) allocating to the statutory common reserve fund;
- (3) allocating to the discretionary common reserve fund as approved by the resolutions of shareholders' general meeting; and
- (4) payment of dividends in respect of ordinary shares.

The Company shall not make any distribution by way of dividends or bonus shares before compensation for loss and allocation to the statutory common reserve fund.

***Article 138:***

The capital common reserve fund shall include the following:

- (1) the premiums on shares issued at a premium price; and
- (2) other revenue required by the State Council's department in charge of finance to be included in the capital common reserve fund.

The common reserve fund of the Company shall be used as follows:

- (1) compensating loss;
- (2) expending the capacity of operation and production; and

- (3) increasing capital by converting common reserve fund into capital upon approval by a shareholders' resolution. When such conversion takes place, the Company shall either distribute new shares in proportion to the existing shareholders' number of shares, or increase the par value of each share provided that the balance of the statutory common reserve fund may not be less than 25% of the registered capital.

The dividends shall be distributed twice a year, the shareholders' general meeting shall authorize the board of directors by way of ordinary resolution to declare and pay the interim and final dividends.

***Article 139:***

The Company may distribute dividends in the following forms:

- (1) cash;
- (2) shares.

The dividends and other payments to domestic shareholders shall be calculated and declared in Renminbi, and be paid for in Renminbi. The dividends and other payments to foreign shareholders shall be calculated and declared in Renminbi, and be paid for with local currency of the place in which such foreign shares are listed (If such shares are listed in more than one markets, the board of directors shall decide the currency of the principal place on which such shares are listed.)

The payment of dividends and other payments to foreign shareholders shall be made in accordance with the PRC laws and regulations. If there is no applicable regulation, the exchange rate shall be the average closing rate for the relevant foreign currency as announced by the People's Bank of China a week before the announcement of payment of dividends and other payments.

Where power is taken to forfeit unclaimed dividends, that power shall not be exercised until the expiration of the applicable term.

***Article 140:***

The Company shall appoint receiving agents for holders of Overseas-Listed Foreign-Invested Shares to collect on behalf of the relevant shareholders the dividends declared and other payments in respect of Overseas-Listed Foreign-Invested Shares.

The receiving agents appointed by the Company shall meet the requirements of the laws of the place(s), or the relevant regulations of the securities exchange(s), where the shares are listed.

The receiving agents appointed by the holders of Overseas-Listed Foreign-Invested Shares listed in Hong Kong shall be a company registered as a trust company under the Trustee Ordinance of Hong Kong.

## **CHAPTER 16: APPOINTMENT OF AN ACCOUNTING FIRM**

### ***Article 141:***

The Company shall appoint an independent accounting firm which complies with the relevant State regulations to audit the annual financial reports and review other financial reports of the Company.

The first accounting firm of the Company may be appointed at the inaugural meeting prior to the first annual shareholders' meeting. Such accounting firm shall hold office until the conclusion of the first annual shareholders' meeting.

If the inaugural meeting does not exercise its power under the preceding paragraph, the board of directors shall exercise such power.

### ***Article 142:***

The term of appointment of an accounting firm appointed by the Company shall be between the end of the annual shareholders' meeting of the Company and the end of the next annual shareholder's meeting.

### ***Article 143:***

An accounting firm appointed by the Company shall have the following rights:

- (1) the right of access at all times to the account books, records or vouchers of the Company and the right to require directors, the manager and other senior management staff of the Company to provide relevant information and explanations;
- (2) the right to require the Company to take all reasonable measures to obtain from its subsidiaries the information and explanations necessary for the accounting firm to perform its duties; and
- (3) the right to attend shareholders' general meetings, receive a notice or other information concerning any meetings of or concerning which shareholders have a right to receive a notice or other information, and to be heard at any shareholders' general meetings on any matter which relates to it as the accounting firm of the Company.

### ***Article 144:***

If the position of accounting firm becomes vacant, the board of directors may appoint an accounting firm to fill such vacancy before a shareholders' general meeting is held. However, if there are other accounting firms holding the position of accounting firm of the Company while such vacancy still exists, such accounting firms may continue to act.

### ***Article 145:***

The shareholders' general meeting may, by means of an ordinary resolution, remove any accounting firm prior to the expiration of its term of appointment, notwithstanding provisions in the contract between the accounting firm and the Company, but without prejudice to such accounting firm's right, if any to claim damages from the Company in respect of such removal.

### ***Article 146:***

The remuneration or method of remuneration of an accounting firm shall be decided upon by the shareholder's general meeting. The remuneration of an accounting firm appointed by the board of directors shall be determined by the board of directors.

**Article 147:**

The appointment, removal or non reappointment of an auditor shall be decided upon by the shareholders' general meeting and be filed with the State Council authorities in charge of securities.

Where a resolution at a general meeting of shareholders is passed to appoint as auditor a person other than an incumbent auditor, to fill a casual vacancy in the office of auditor, to reappoint as auditor a retiring auditor who was appointed by the board of directors to fill a casual vacancy, or to remove an auditor before the expiration of his term of office, the following provisions shall apply:

- (1) A copy of the proposal shall be sent before notice of meeting is given to the shareholders to the person proposed to be appointed or the auditor proposing to leave from his post or the auditor who has left from his post. Leaving from his post includes dismissal, resignation and retirement;
- (2) If the auditor leaving his post makes representations in writing and requests their notification to the shareholders, the Company shall (unless the representations are received too late):
  - (a) in any notice of the resolution given to shareholders, state the fact of the representations having been made; and
  - (b) send a copy of the representations as an appendix to the notice of general meetings to every shareholder entitled to notice of general meetings.
- (3) If the auditor's representations are not sent under paragraph (2) above the auditor may (in addition to his right to be heard) require that the representations be read out at the meeting and may make further submissions.
- (4) An auditor who is leaving his post shall be entitled to attend:
  - (a) the general meeting at which his term of office would otherwise have expired;
  - (b) any general meeting at which it is proposed to fill the vacancy caused by his dismissal; and
  - (c) any general meeting convened as a result of his resignation;

An auditor who is leaving his post shall also be entitled and to receive all notices of, and other communications relating to, any such meeting, and to be heard at any such meeting which he attends on any part of the business of the meeting which concerns him as former auditor of the Company.

**Article 148:**

When the Company removes or does not reappoint an accounting firm, it shall give advance notice to the accounting firm. The accounting firm shall have the right to present its views before the shareholders' general meeting. Where an accounting firm tenders its resignation, it shall inform the shareholders' general meeting of whether there is any irregularity in the Company.

An auditor may resign his office by depositing at the Company's registered address a notice in writing which will take effect on the date of despatch of the notice or on the date specified in the notice whichever is later. The notice shall contain:

- (a) a statement that there are no circumstances in connection with his resignation which he considers should be brought to the notice of the shareholders or creditors of the issuer; or
- (b) a statement of any such circumstances which are required to be accounted for.



The Company shall within 14 days of receipt of the above mentioned notice send a copy of the notice to the competent authority. If the notice contained a statement referred to in (b) above, a copy of the notice shall also be sent to every shareholder who is entitled to a report of the Company's financial status report and a copy shall be kept at the Company's address for inspection by the shareholders.

The Company shall also send a copy of the abovementioned notice to each holder of the Overseas-Listed Foreign-Invested Shares by prepaid mail at the recipient's address shown in the register of shareholders.

Where the auditor's notice of resignation contains a statement of circumstances which are required to be accounted for, it may require the board of directors to convene an extraordinary general meeting of shareholders for the purpose of receiving an explanation of the circumstances in connection with his resignation.

## **CHAPTER 17: MERGER AND DIVISION OF THE COMPANY**

### ***Article 149:***

The merger or division of the Company shall require the preparation of a proposal by the board of directors. After such proposal has been approved in accordance with the procedures specified in the Articles of Association of the Company, relevant examination and approval procedures shall be carried out according to law. Shareholders who object to such proposal on the merger or division of the Company shall have the right to require the Company or shareholders who are in favor of such proposal to purchase their shares at a fair price. The contents of resolutions approving the merger or division of the Company shall be compiled in a special document for inspection by shareholders.

Holders of Overseas-Listed Foreign-Invested Shares that are listed in Hong Kong shall be served with copies of the abovementioned document by mail.

### ***Article 150:***

Merger of the Company may take the form of merger by absorption and merger by establishment of a new company.

In the event of a merger, the parties to the merger shall enter into a merger agreement and prepare a balance sheet and a property list. The Company shall notify its creditors within a period of 10 days from the date on which the merger resolution is passed and publish on the newspaper within 30 days from that date.

Upon completion of the merger, the company that survives or the newly established company shall assume the rights in relation to debtors and indebtedness of the parties to the merger.

### ***Article 151:***

If the Company is to be divided, its property shall be divided accordingly.

In the event of a division of the company, the parties to the division shall enter into a division agreement and prepare a balance sheet and a property list. The Company shall notify its creditors within a period of 10 days from the date on which the division resolution is passed and publish newspaper announcements on the division within 30 days from that date.

Debts owed by the Company prior to the division shall be assumed by the companies in existence after the division in accordance with the agreement reached.

***Article 152:***

Where a change arises as a result of the merger or division of the Company the company shall apply for change in its registration with the company registry according to law. Where the Company is dissolved, it shall apply for cancellation of its registration according to law. Where a new company is established, it shall apply for registration thereof according to law.

**CHAPTER 18: DISSOLUTION AND LIQUIDATION OF THE COMPANY**

***Article 153:***

The Company shall be dissolved and liquidated according to law:

- (1) if the shareholders general meeting resolves to dissolve the Company;
- (2) if dissolution is necessary a result of the merger or dissolution of the Company;
- (3) if the Company is declared insolvent according to law because it is unable to pay its debts upon maturity; or
- (4) if the Company is lawfully ordered to close down as a result of violation of laws or administrative regulations.

***Article 154:***

Where the Company is to be dissolved pursuant to item (1) of the preceding Article, it shall establish a liquidation committee within 15 days. The members of such liquidation committee shall be determined by the shareholders' general meeting by way of an ordinary resolution.

Where the Company is to be dissolved pursuant to item (3) of the preceding Article, the People's Court shall, in accordance with relevant laws, arrange for the shareholders, relevant authorities and relevant professionals to establish a liquidation committee to carry out liquidation.

Where the Company is to be dissolved pursuant to item (4) of the preceding Article, the relevant authorities in charge shall arrange for the shareholders, relevant authorities and relevant professionals to establish a liquidation committee to carry out liquidation.

***Article 155:***

If the board of directors decides that the Company should be liquidated (except for liquidation as a result of company's declaration of bankruptcy), the notice of the shareholders' general meeting convened for such purpose shall include a statement to the effect that the board of directors has made full inquiry into the position of the Company and that the board holds the opinion that the Company can pay its debts in full within 12 months after the commencement of liquidation.

The functions and powers of the board of directors shall terminate immediately after the shareholders' general meeting has adopted a resolution to carry out liquidation.

The liquidation committee shall take instructions from the shareholders' general meeting, and not less than once a year make a report to the shareholders' general meeting on the committee's income and expenditure, the business of the Company and the progress of the liquidation. It shall make a final report to the shareholders' general meeting when the liquidation is completed.

***Article 156:***

The liquidation committee shall notify creditors within a period of 10 days from the date of its establishment and publish newspaper announcements on the liquidation within 60 days. Claims shall be registered by the liquidation committee.

**Article 157:**

The liquidation committee shall exercise the following functions and powers during liquidation:

- (1) thoroughly examine the property of the Company and prepare a balance sheet and property list respectively;
- (2) notify creditors by a notice or public announcement;
- (3) dispose of and liquidate relevant unfinished business of the Company;
- (4) pay all outstanding taxes in full and taxes existence during the liquidation progress;
- (5) clear up claims and debts;
- (6) dispose of the property left after full payment of the Company's debts; and
- (7) participate in civil litigation on behalf of the Company.

**Article 158:**

After the liquidation committee has thoroughly examined the Company's property and prepared a balance sheet and property list, it shall formulate a liquidation plan and submit such plan to the shareholders' general meeting or relevant authorities in charge for confirmation.

Payment of debts out of Company property shall be made in the legal order of priority; if there is no applicable law, the order of priority shall be determined by the liquidation group.

Company property left after full payment in accordance with the provisions of the preceding paragraph shall be distributed to the Company's shareholders according to the class and proportion of their shareholding.

During liquidation, the Company may not engage in business activities in dependent of the liquidation.

**Article 159:**

If the Company is liquidated due to dissolution and the liquidation committee, having thoroughly examined the Company's property and prepared a balance sheet and property list, discovers that the Company's property is insufficient to pay its debts in full, it shall immediately apply to the People's Court for a declaration of insolvency.

After the People's Court has ruled to declare the Company insolvent, the Company's liquidation committee shall refer the liquidation matters to the people's Court.

**Article 160:**

Following the completion of liquidation, the liquidation committee shall formulate a liquidation report, a revenue and expenditure statement and financial account books in respect of the liquidation period and, after verification thereof by an accountant registered in the PRC, submit the same to the shareholders' general meeting or the relevant authorities in charge for confirmation.

Within 30 days from the date of confirmation of the above-mentioned documents by the shareholders' general meeting or the relevant authorities in charge, the liquidation committee shall deliver the same to the company registry, apply for cancellation of the Company's registration and publicly announce the Company's termination.

## **CHAPTER 19: PROCEDURES FOR AMENDING THE COMPANY'S ARTICLES OF ASSOCIATION**

### ***Article 161:***

The Company may amend its Articles of Association in accordance with laws, administrative regulations and its Articles of Association.

The procedure of amending of Articles of Association shall be as follows:

- (1) a proposal is made by the board of directors,
- (2) the aforesaid proposal is provided to the shareholders in writing and the shareholders' general meeting is convened; and
- (3) approved by a resolution passed by more than two-third of the voting rights represented by the shareholders present at the general meeting.

### ***Article 162:***

Where an amendment to the Company's Articles of Association involves matters provided for in the *Articles Of Association of Companies Seeking a Listing Outside the PRC Prerequisite Clauses* promulgated by the securities Committee of the State Council and the Economic Reform Committee of the State on 27 August 1994 ("Prerequisite Clauses"), it shall become effective after being examined and approved by the authorities that are authorized by the State council to examine and approve companies and the State Council Securities Commission. Where an amendment to the Company's Articles of Association involves matters of company registration, application for a change in the registration shall be made according to law.

## **CHAPTER 20: SETTLEMENT OF DISPUTES**

Article 163:

The Company shall abide by the following principles for dispute resolutions:

- (1) if any dispute or claim concerning the Company's business on the basis of the rights or duties provided for in the Articles of Association of the Company or in the Company Law or other relevant laws or administrative regulations arises between a holder of Overseas-Listed Foreign-Invested Shares and the Company, between a holder of Overseas-Listed Foreign-Invested Shares and a director, a supervisor, the general or other senior management staff of the Company or between a holder of Overseas-Listed Foreign-Invested Shares and a holder of Domestic-Invested Shares, the parties concerned shall submit the dispute or claim for arbitration. When a dispute or claim as described above is submitted for arbitration, such dispute or claim shall be in its entirety, and all persons (being the Company or shareholders, directors, supervisors, the general manager or other senior management staff of the Company) that have a cause of action due to the same facts or whose participation is necessary for the settlement of such dispute or claim shall abide by arbitration.

Disputes concerning the definition of shareholders and the register of shareholders shall not be required to be settled by means of arbitration;

- (2) a dispute or claim submitted for arbitration may be arbitrated, at the option of the arbitration applicant, by either the China International Economic and Trade Arbitration Commission in accordance with its arbitration rules or the Hong Kong International Arbitration Center in accordance with its securities arbitration rules. After the arbitration applicant has submitted the dispute or claim for arbitration, the other party must carry out arbitration in the arbitration institution selected by the applicant.

If the arbitration applicant opts for arbitration by the Hong Kong International Arbitration Center, either party may request arbitration to be conducted in Shenzhen in accordance with the securities arbitration rules of the Hong Kong International Arbitration Center;

- (3) unless otherwise provided by laws or administrative regulations, the laws of the PRC shall apply to the settlement by means of arbitration of disputes or claims referred to in item (1); and
- (4) the award of the arbitration institution shall be final and binding upon each party.

## **CHAPTER 21: SUPPLEMENTARY**

**Article 164:**

The term "accounting firm" as used in the Prerequisite Clauses shall have the same meaning as "auditor".

**Article 165:**

Unless otherwise provided, the Company shall, where it is making a public announcement in prescribed or approved manner, issue or deliver any notice or announcement in at least one national newspaper which has been approved by the State Council authorities and, where possible, to publish such notice or announcement in a major Chinese and a major newspaper in Hong Kong respectively.

**Article 166:**

The Article of Association is written both in Chinese and English, and the English version is only the translation. In the event of any inconsistency, the Chinese version shall prevail.